

"We Fuel The Forces"

The Warfighter's Choice for Energy Solutions



***DESC Overview for
Worldwide Energy
Conference September
2004***

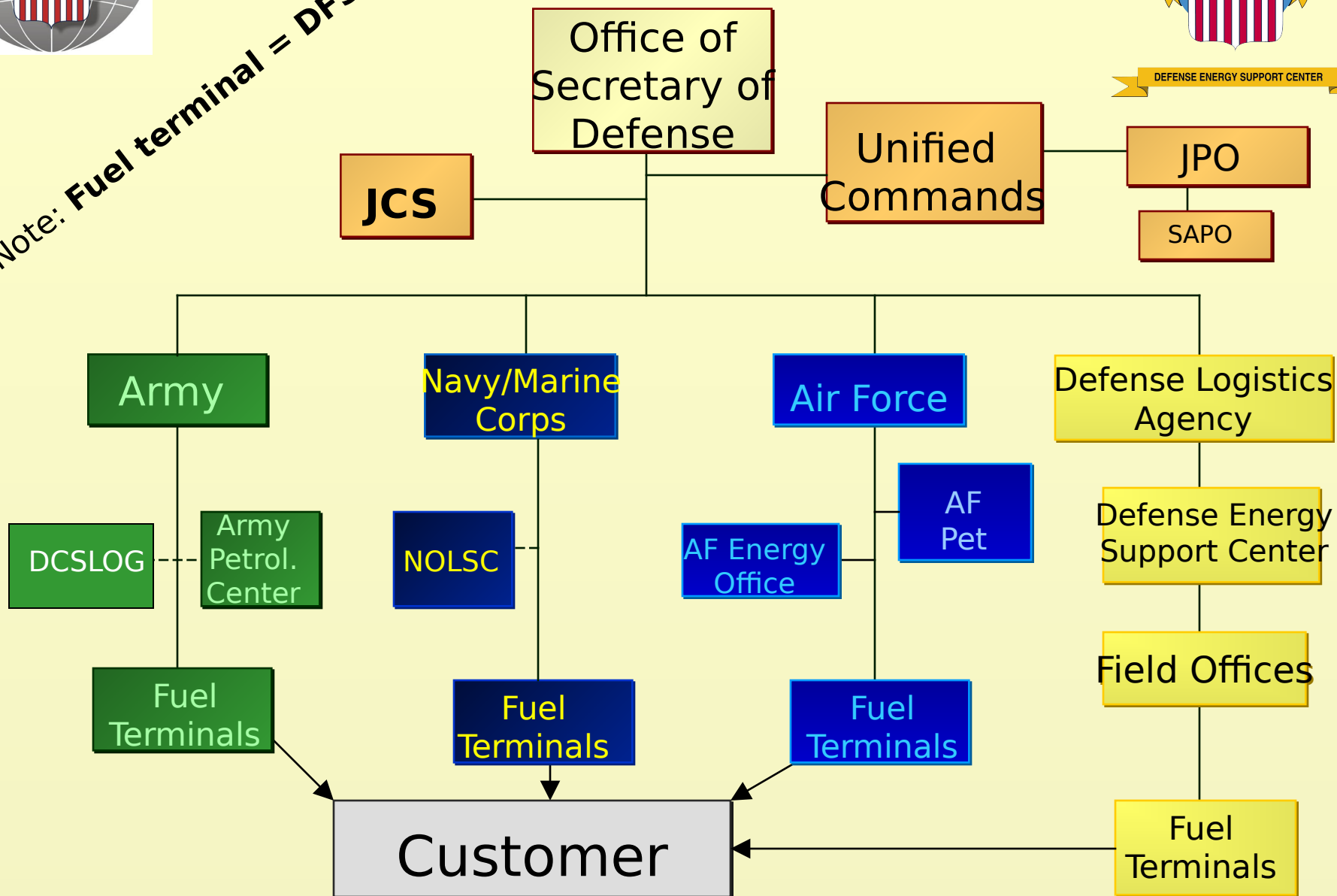


Simplified Military Petroleum Organization



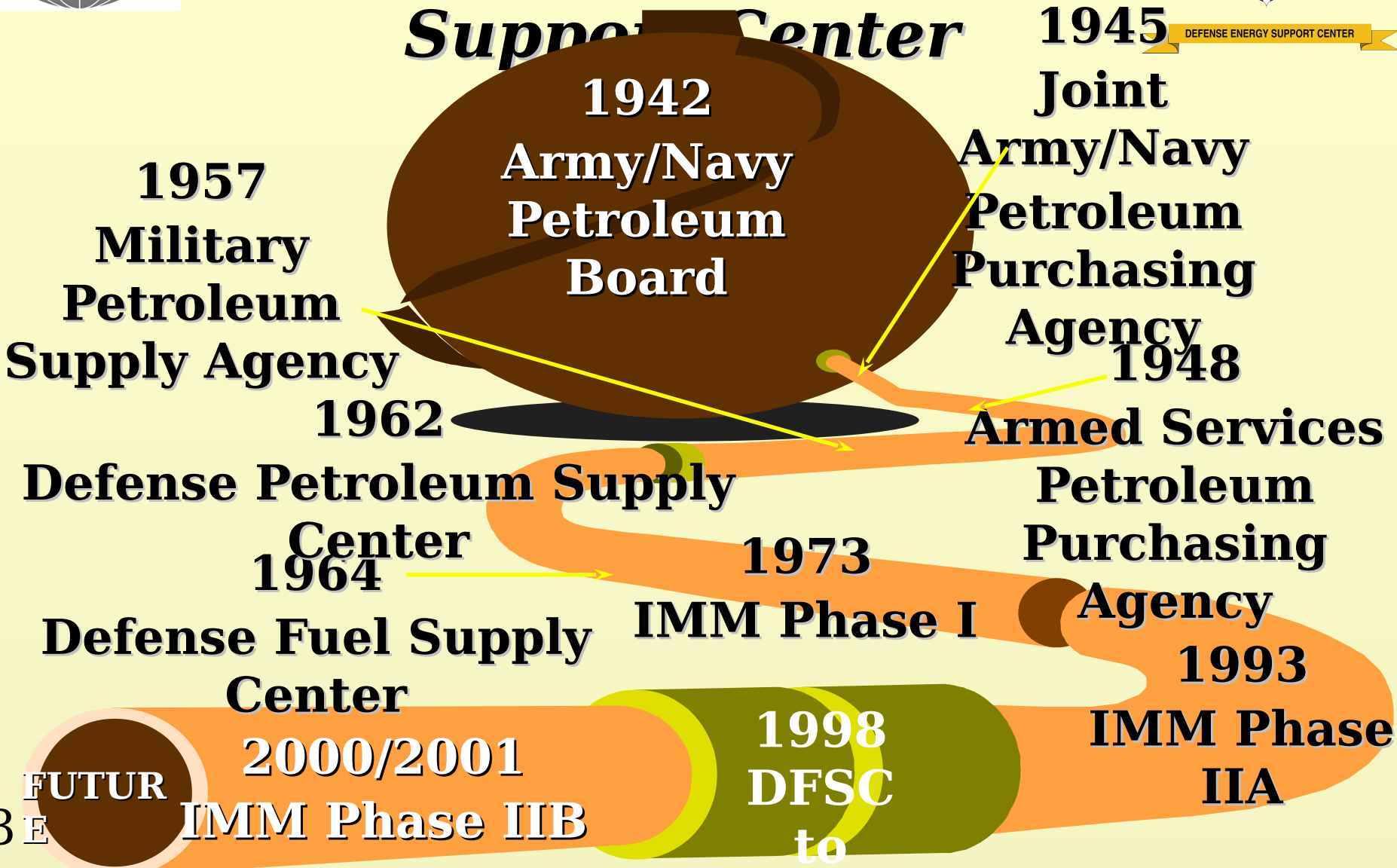
DEFENSE ENERGY SUPPORT CENTER

Note: Fuel terminal = DFSP





The Evolution of the Defense Energy Support Center





and

DESC

is\$

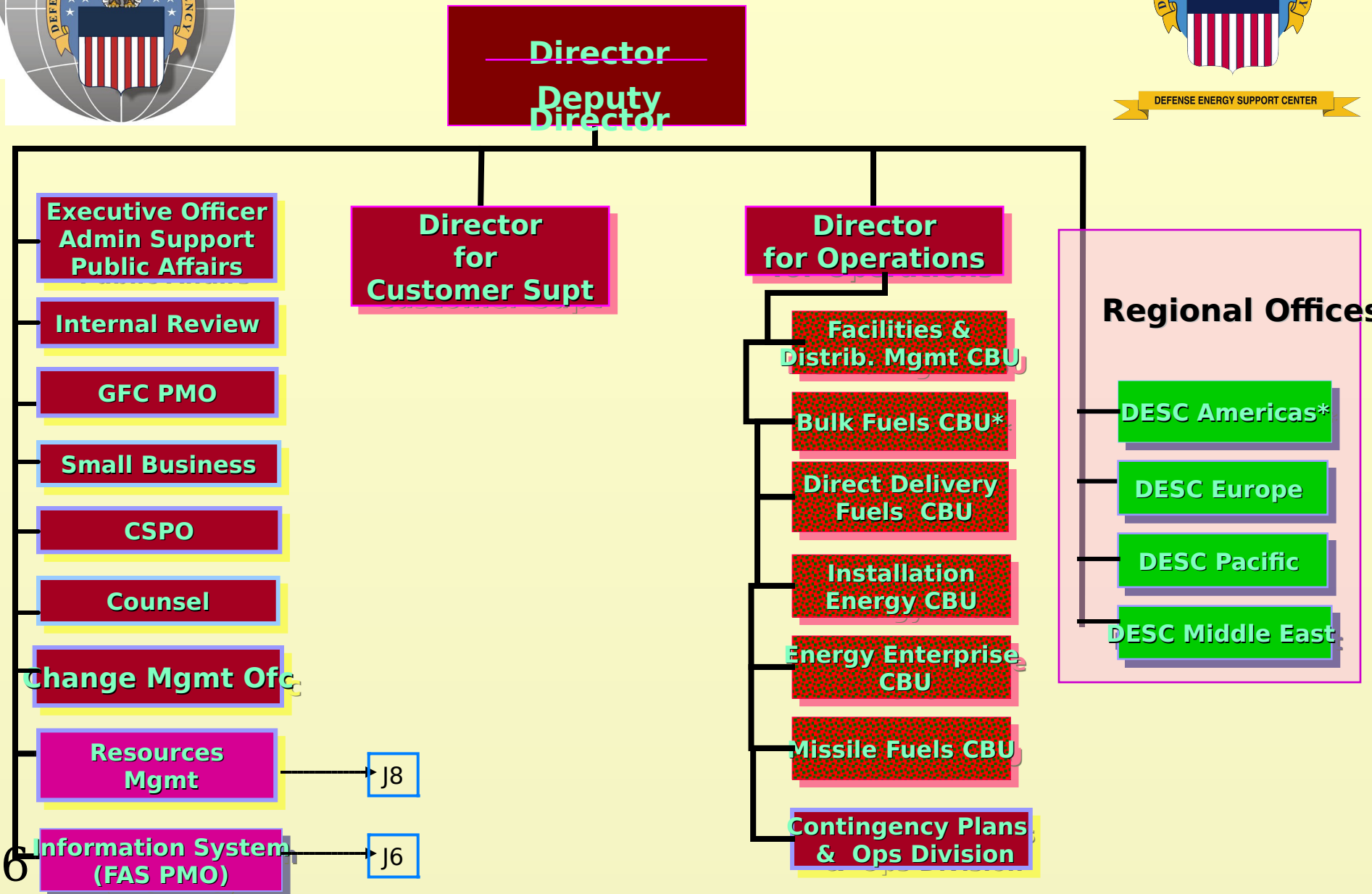
BIG

Business





DESC Organization





DESC Bottom Line Up-Front



- ◆ \$6.2 + billion in revenues
- ◆ DoD's most important source of energy logistics expertise
- ◆ Service reliance on DESC for support to early-entry forces (as well as sustaining)
- ◆ Growing business in utilities, installation support
- ◆ Innovation in acquisition, complex solution building, and industry partnering

DESC FY 03 Contract





Where DESC Gets Its Typical Dollar (FY02 Sales Data)

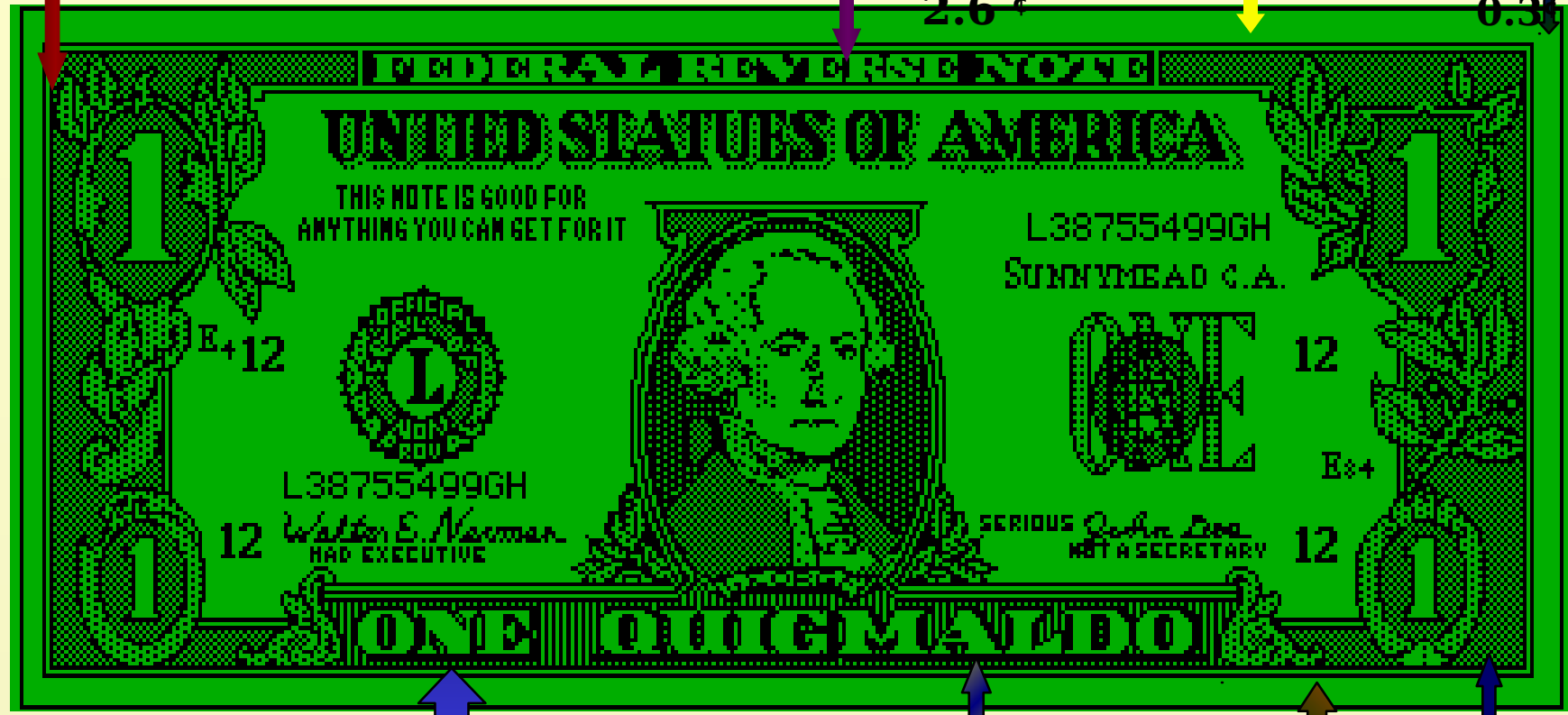


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Fed Civ - 6.0¢

Other DoD - 0.5¢ Foreign Gov't's - 2.6¢

DOD Kr 0.3¢



¹⁰ Air Force - 54.2¢

Navy - 30.0¢

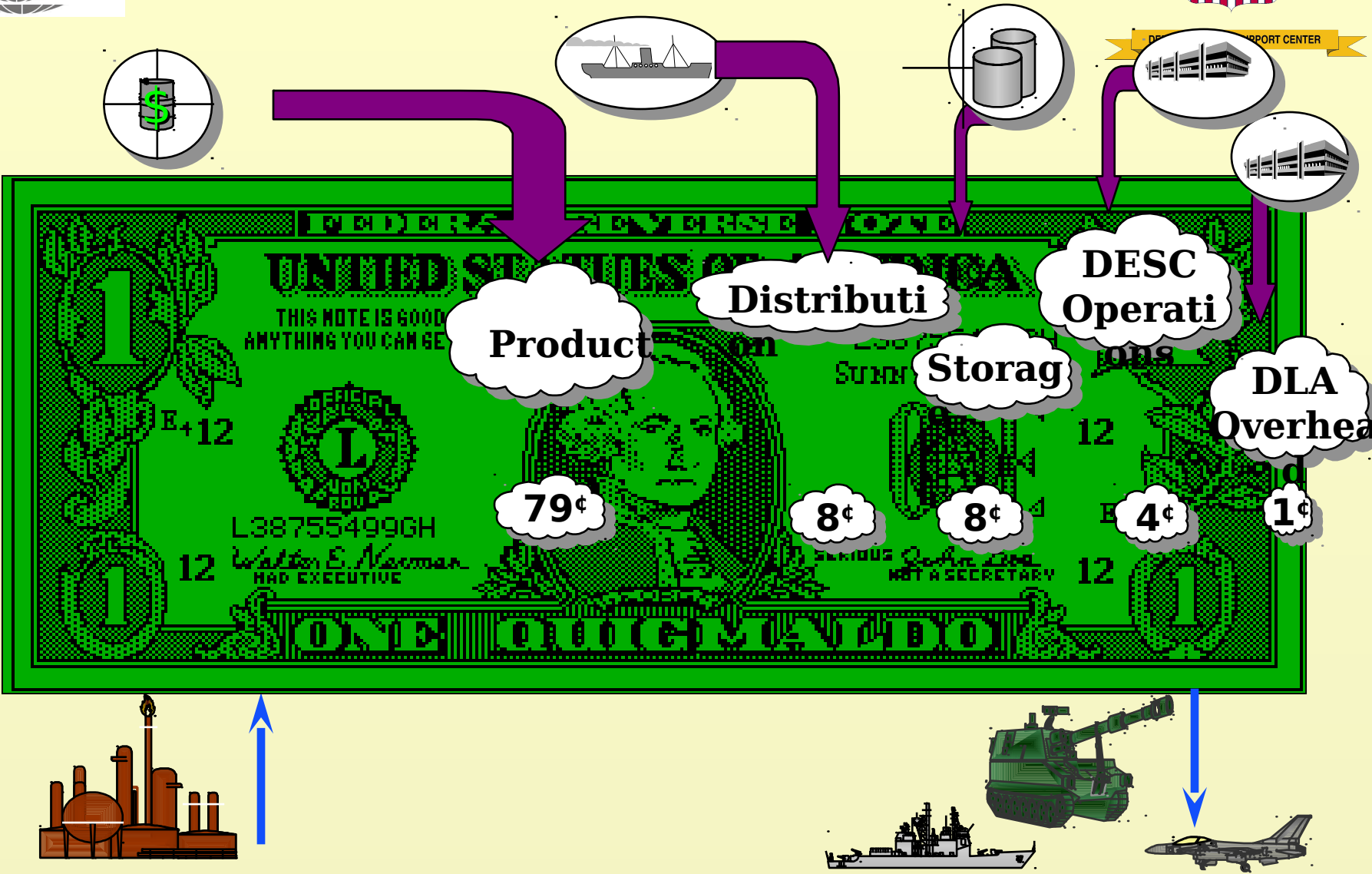
Army - 6.0¢

Marines - 0.4¢



DESC Costs

Dollar Breakdown (FY03)



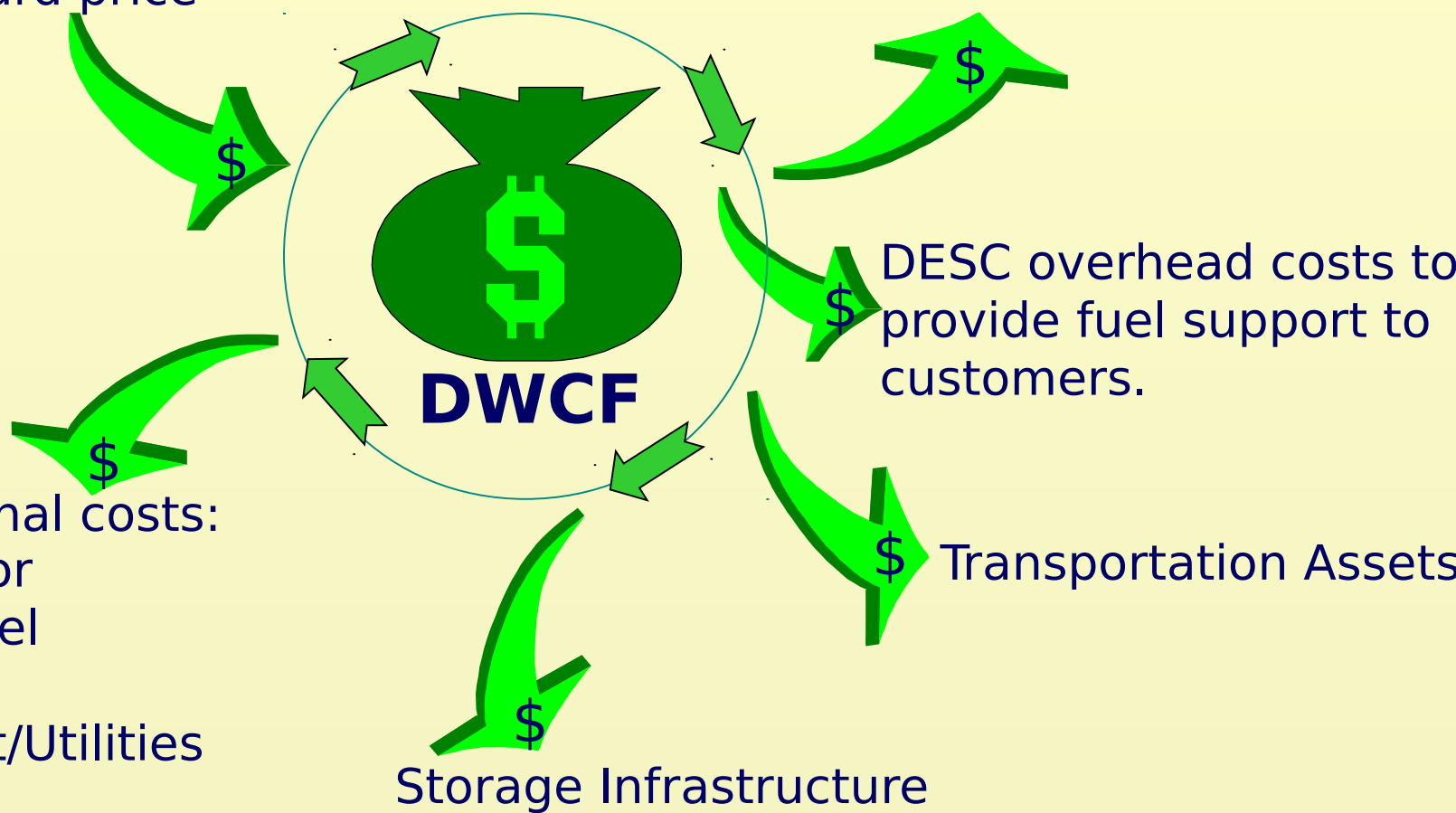


Defense Working Capital Fund

- A Revolving Fund

Fuel sale to DESC customers
at standard price

DESC product procurement
from contractors

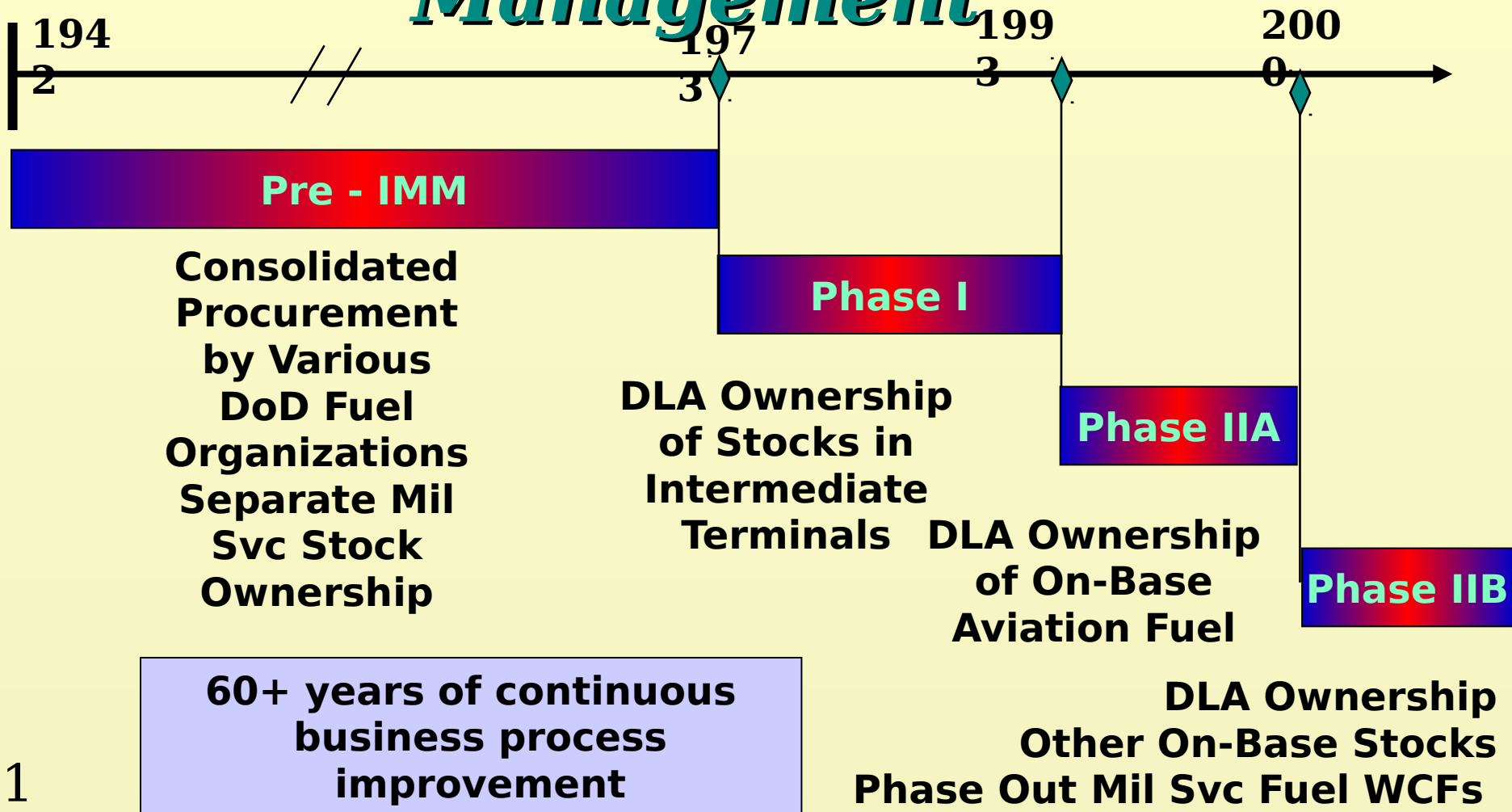




Evolution of Fuel Supply Chain Management

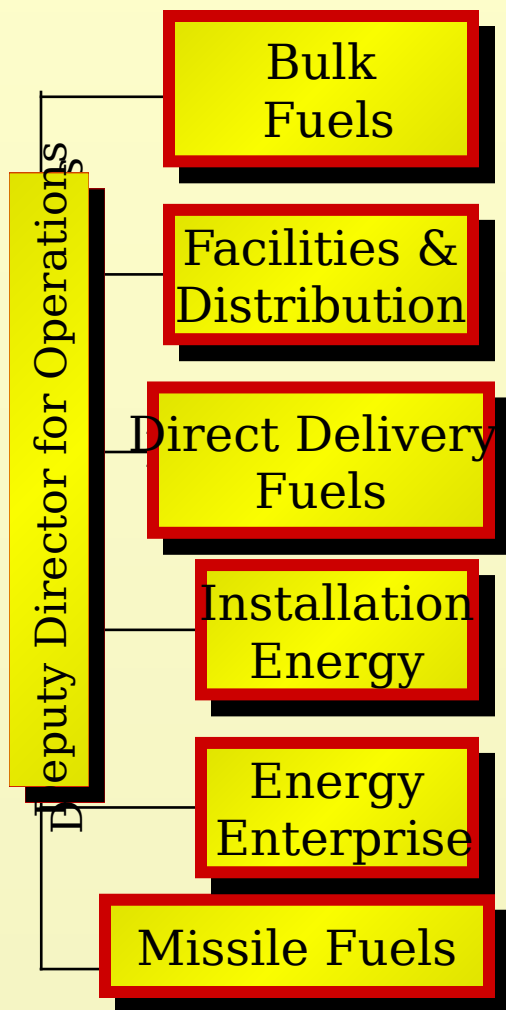


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Commodity Business Units (CBUs)

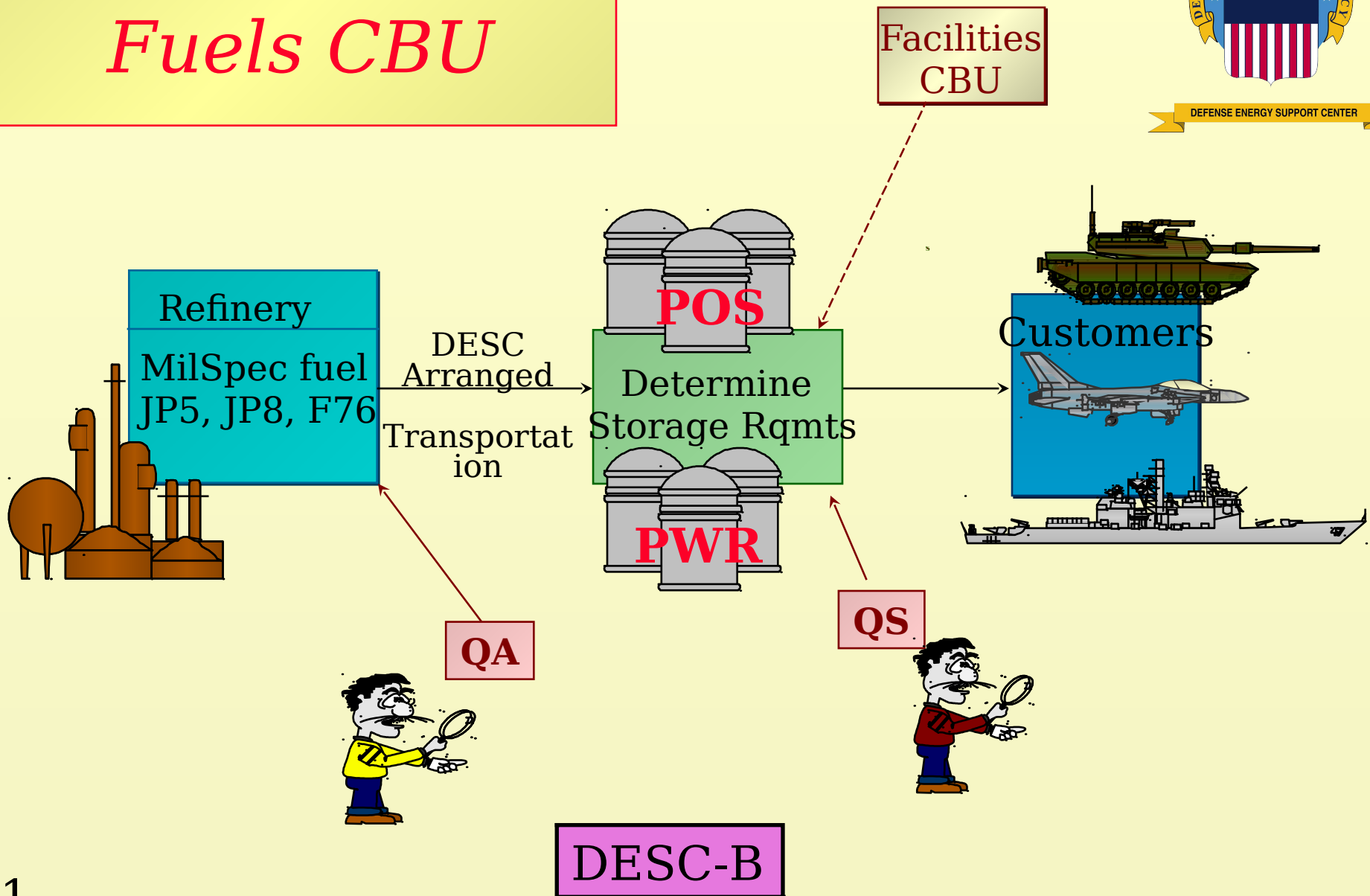


- Bulk Fuels
- Facilities & Distribution
- Mgmt
- Direct Delivery Fuels
- Installation Energy
- Energy Enterprise
- Missile Fuels

DESC Bulk Fuels CBU



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Military Product Characteristics



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F76-NATO spec-similar to comm gasoil, except...

- Low Pour point
- Long Time Stability
- Navy marine diesel fuel

JP5-least available

- Navy jet fuel (for shipboard use)
- High Flashpoint
- Must add Fuel System Icing Inhibitor (FSII)

JP8-based on comm kerojet (Jet A-1)

- Air Force jet fuel & Single Fuel on the Battlefield (US/NATO)
- Must add FSII
- Freeze point`





Standard Pricing

- Purpose
 - Ease of budgeting
 - Consolidated market fluctuations
 - No surprises for customers
- Standard Prices available online:
 - <http://www.desc.dla.mil/main/r/prices04.htm>



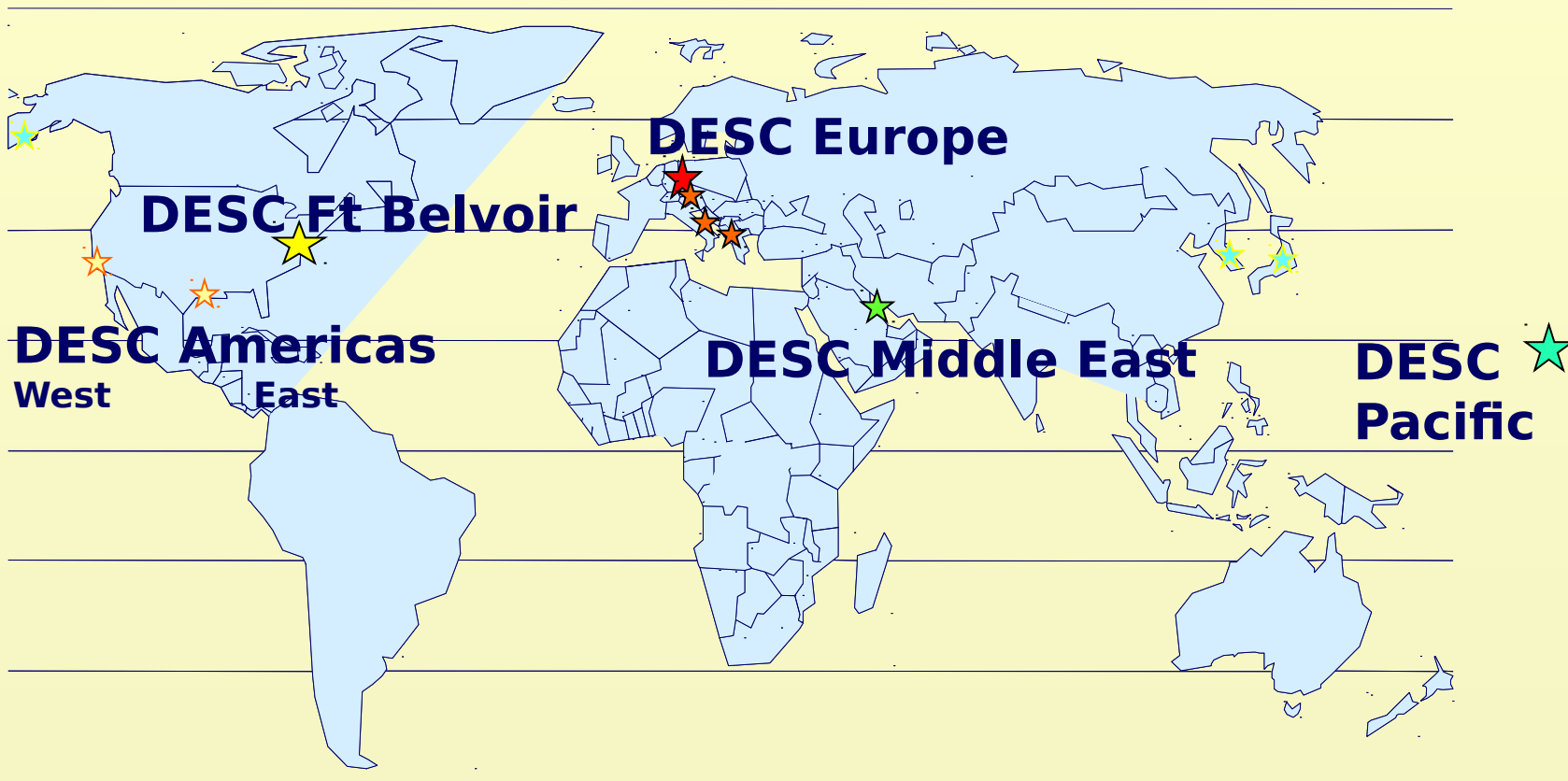


DEFENSE LOGISTICS SUPPORT CENTER

DESC

Organization

Every Region is a Separate Briefing!



Approximately 750 military and civilians worldwide



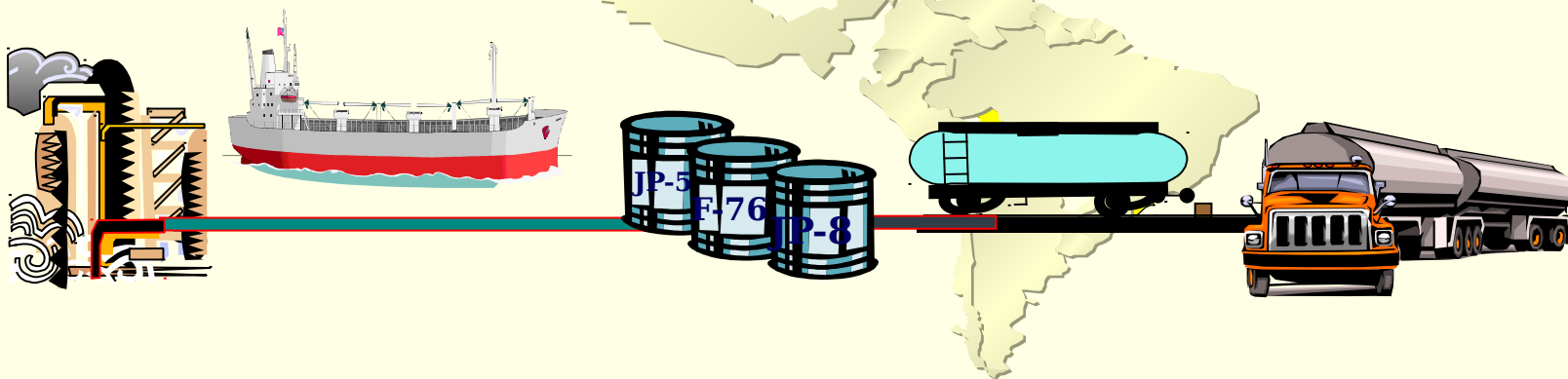
CONUS OVERVIEW



**Americas
West
Los Angeles**

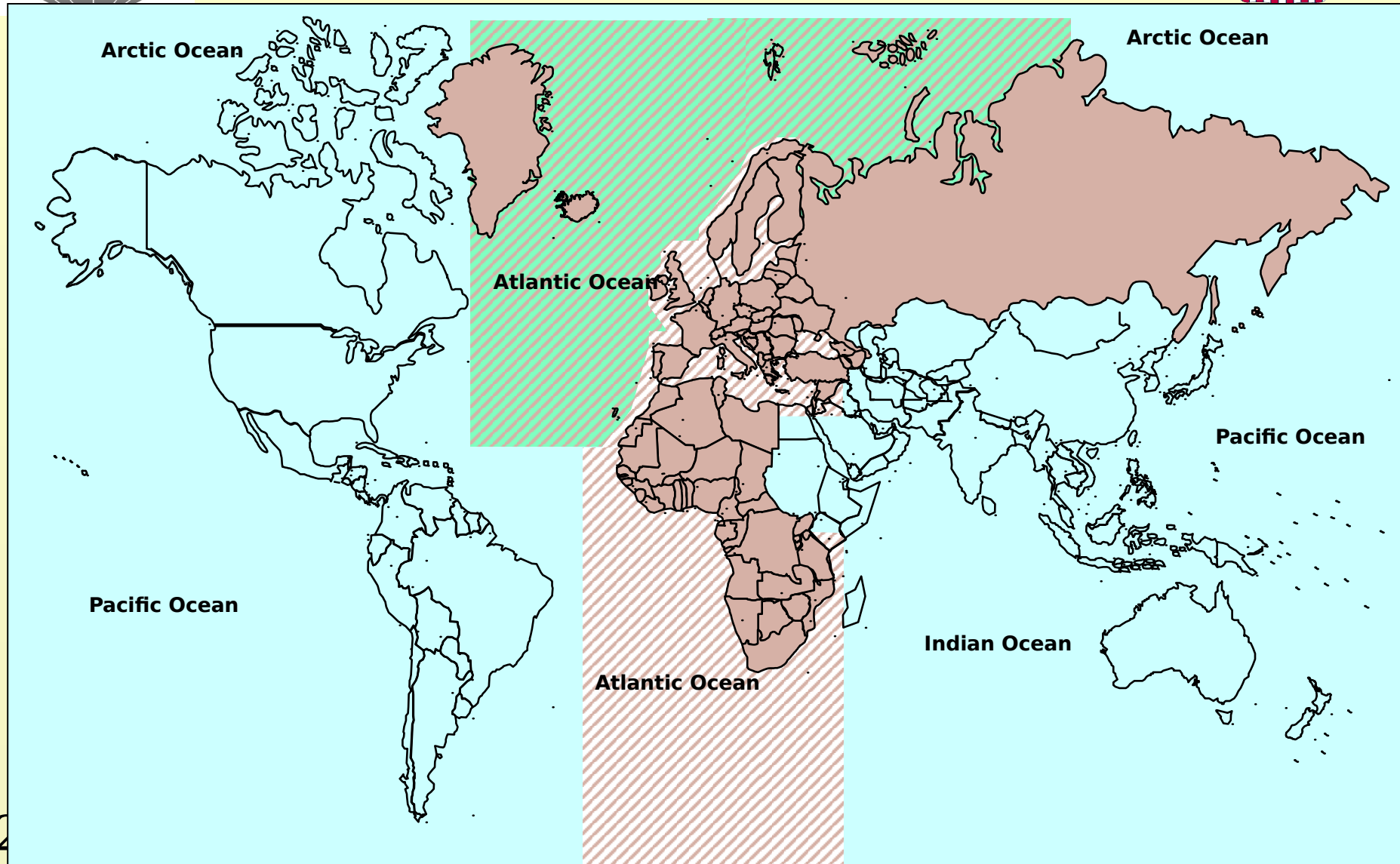
**DESC
Americas
Oct 1, 2002**

**Americas
East
Houston**



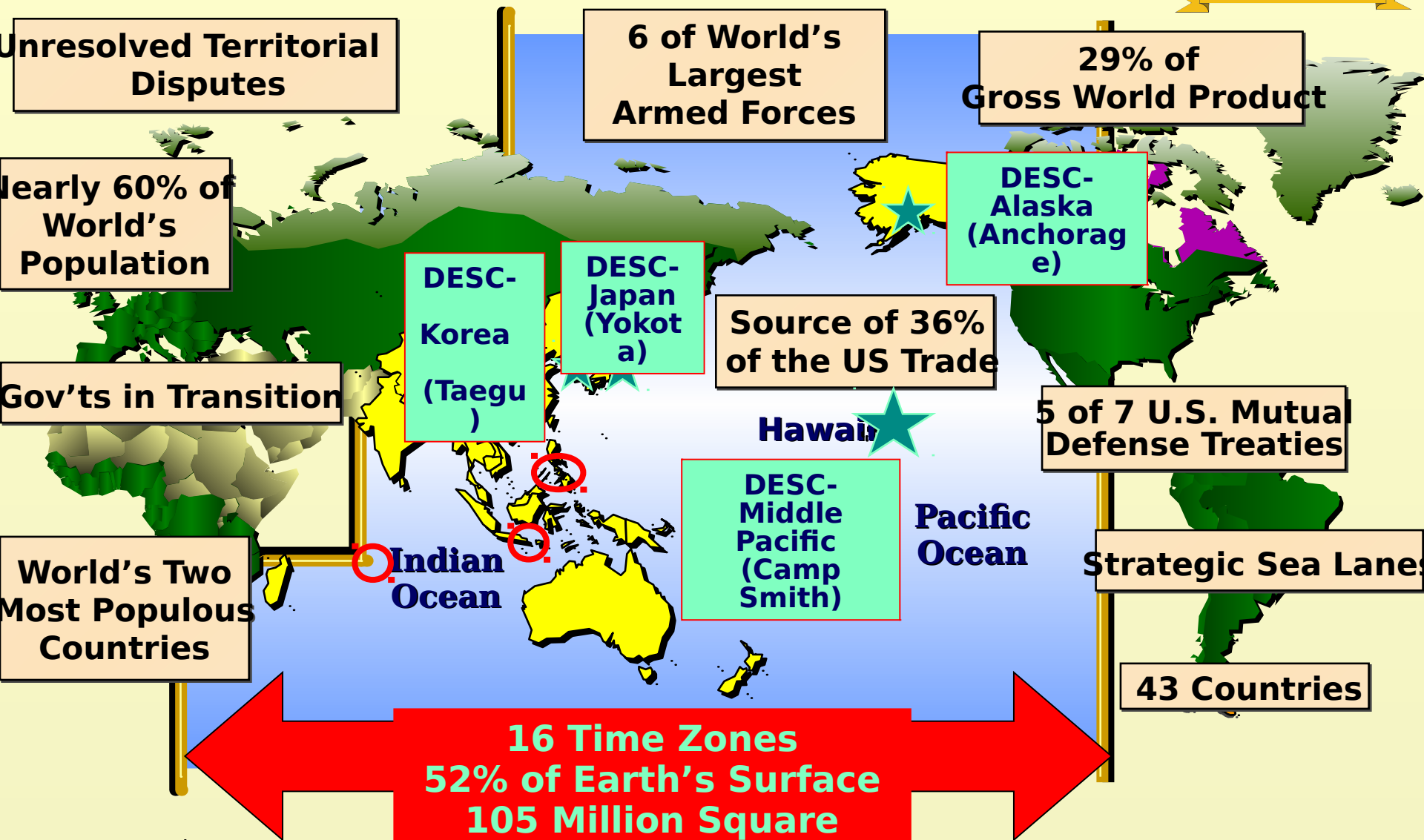


DESC-Europe Area of Responsibility





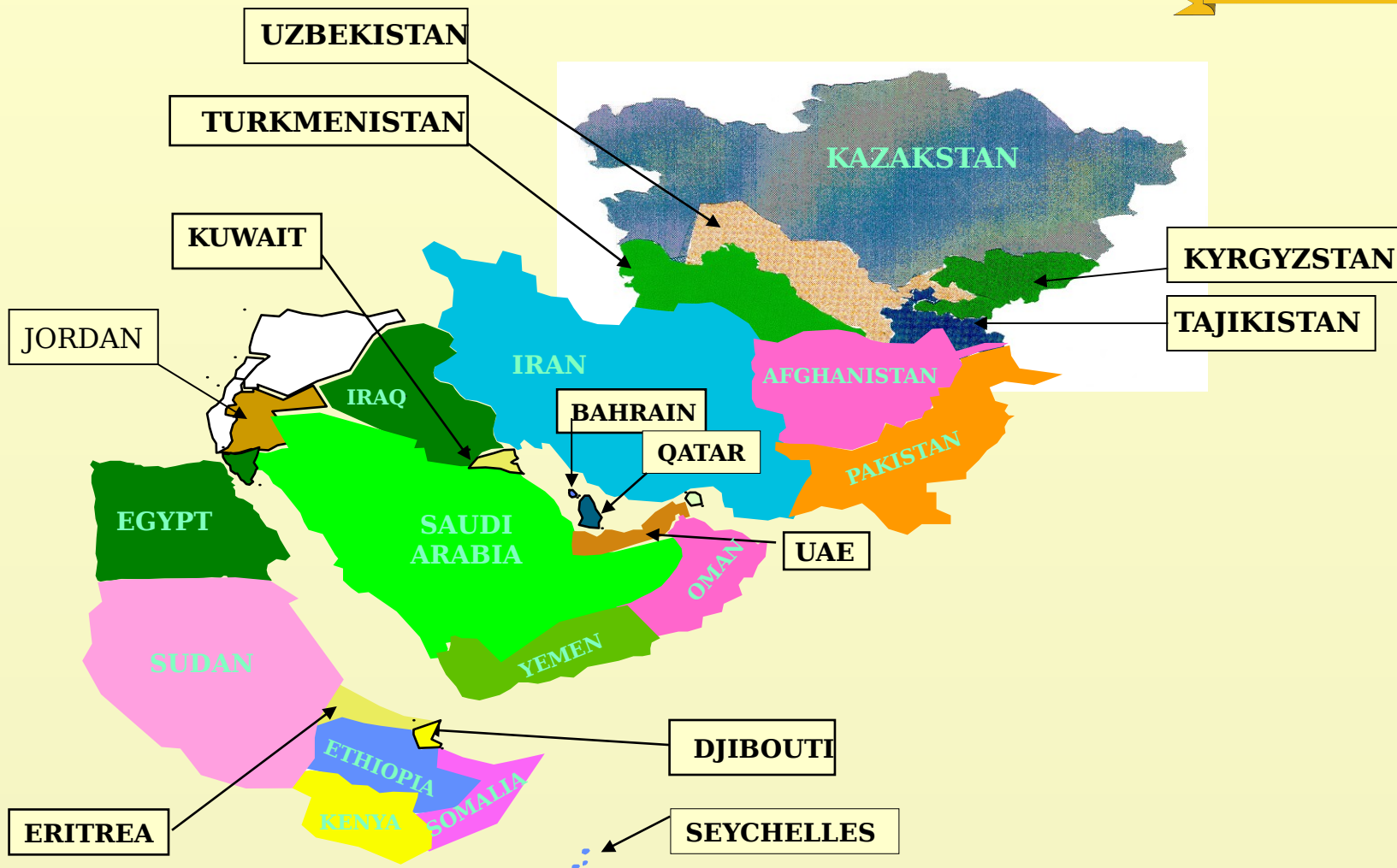
DESC PAC Mission Area of Responsibility





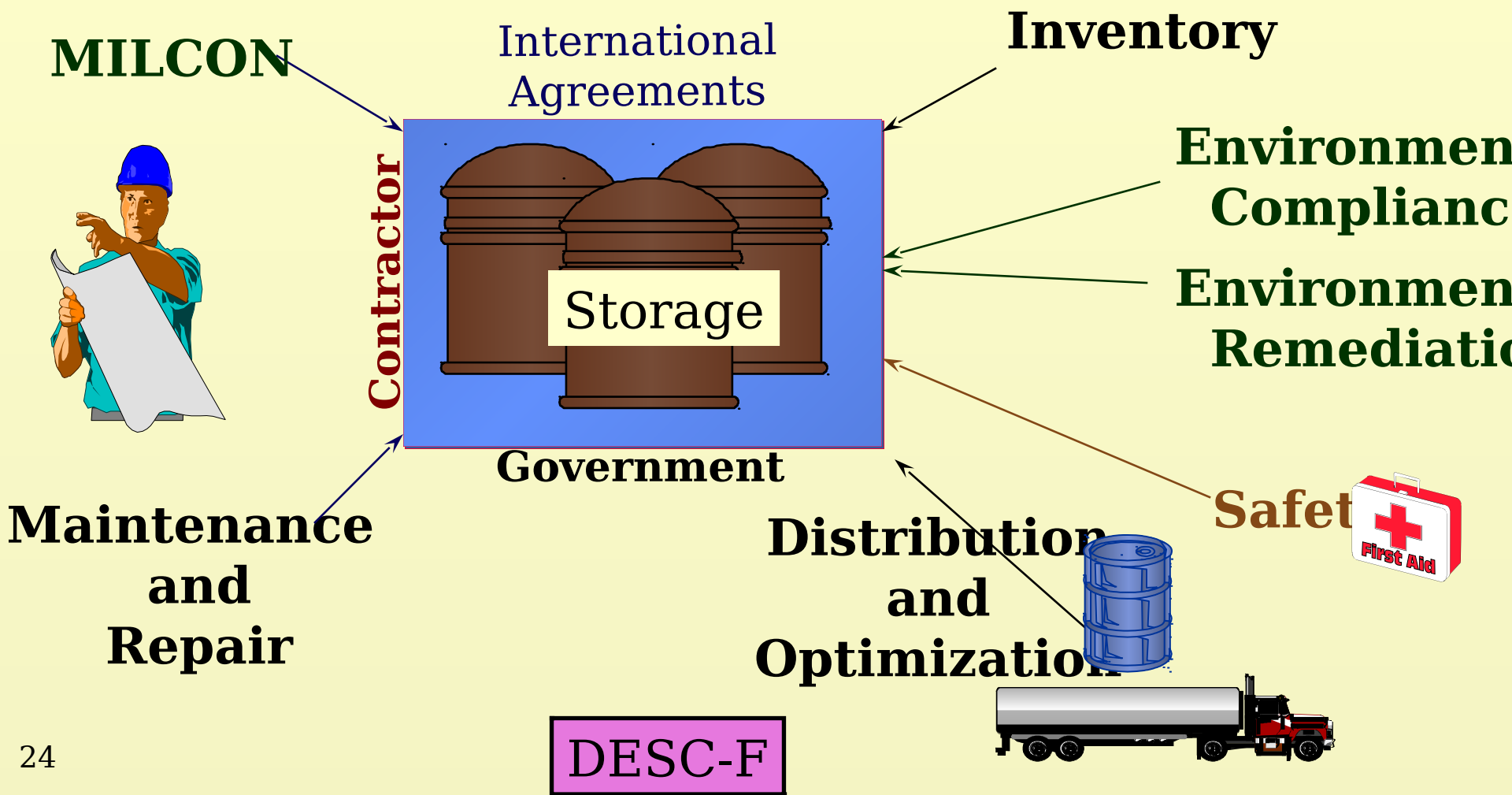
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DESC Middle East





DESC Facilities & Distribution Management CBU





Network of POL Facilities



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COCO - Contractor Owned, Contractor
Operated

GOCO - Government Owned, Contractor
Operated

GOGO - Government Owned, Government
Operated

FG - Foreign Government Facilities

NATO - North Atlantic Treaty Organization
Facilities

Number of Wholesale Terminals Storing Government-Owned Fuel Fiscal Year 2003



<i>Type of Operation</i>	Army	Navy	Air Force		DLA
Total					
GOGO	134	34	176	0	344
GOCO	13	28	25	19*	85
COCO	0	0	3	36	39
NATO	0	1	0	6	7
Commercial Pipeline		0	0	0	35
35					
Floating Storage	0	39	0	0	39
Foreign Governments		0	0	11	8
19					

Note: Defense Fuel Support Points (DFSPs) as of September 30, 2003 *

Includes 3 Service-managed, DLA-funded GOCOs GOCOs in caretaker

Total status during environmental cleanup not included in numbers increase **147 102 215 104 568**

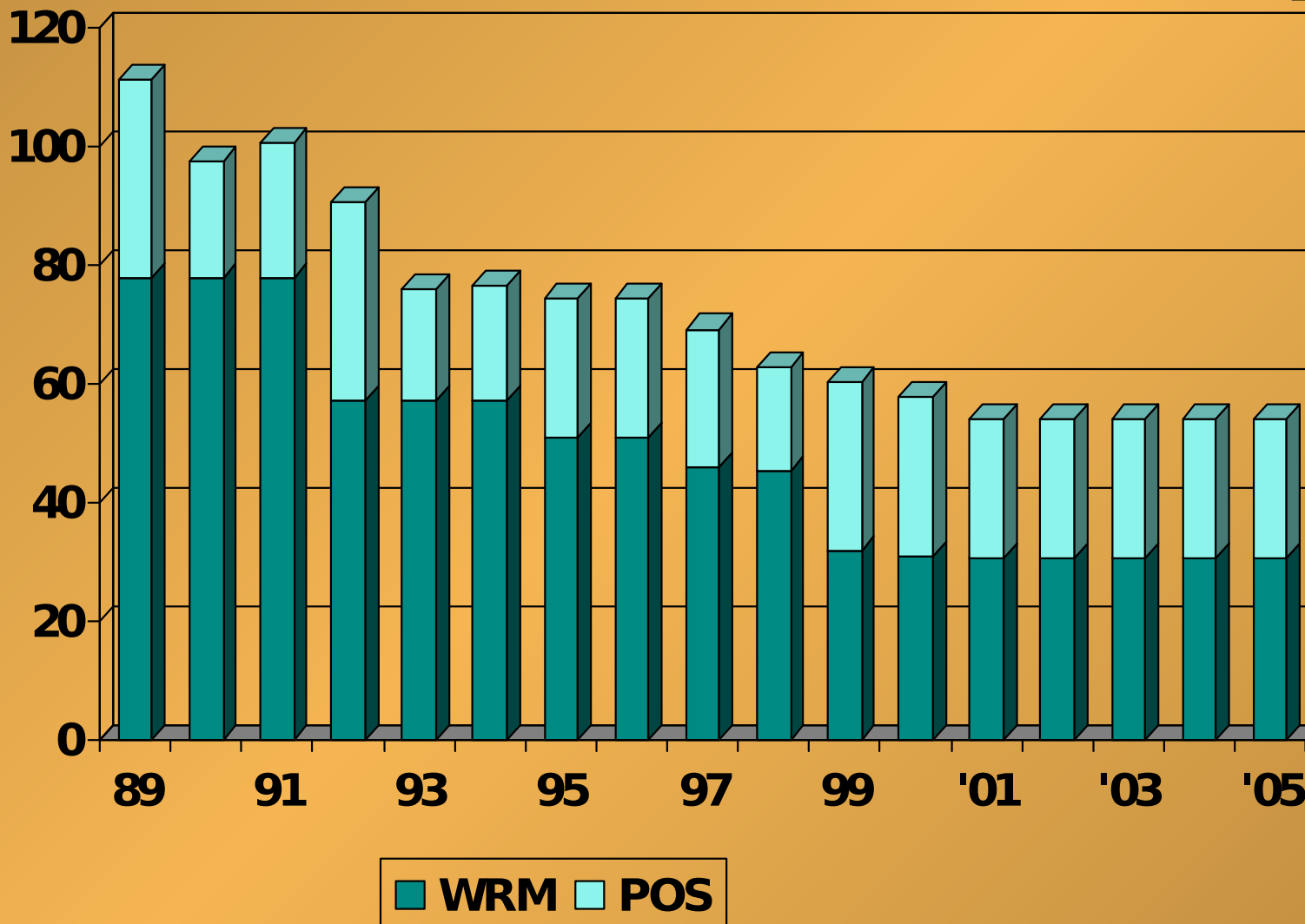


DESC Inventory Levels

(Millions of barrels)

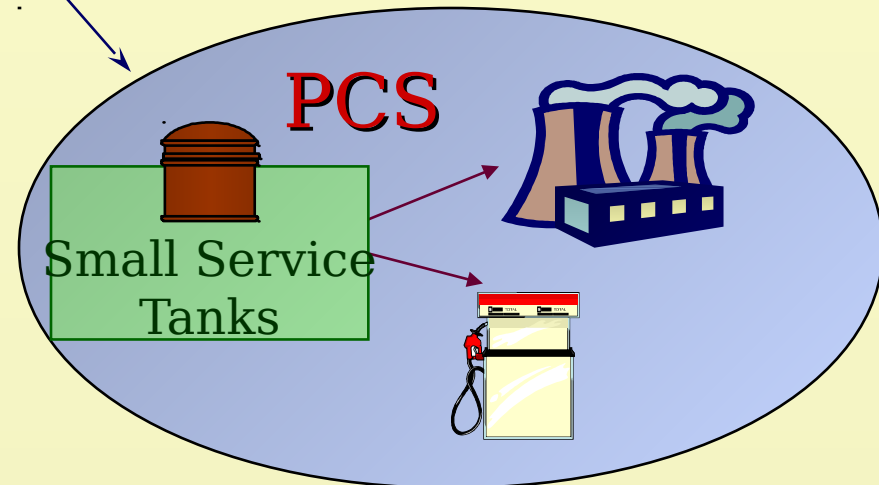
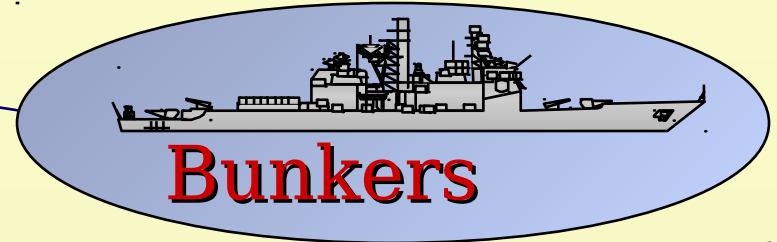


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DESC Direct Delivery Fuels CBU



Primarily
FOB
Destination

Vendor

Commercial
Spec

Transportation



AKA: Direct Vendor Delivery

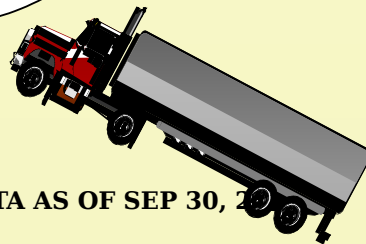
DESC-P



DESC PETROLEUM PROCUREMENT CONUS AND OCONUS POSTS, CAMPS, AND STATIONS FY 03



DEFENSE ENERGY SUPPORT CENTER



REPRESENTS ACTIVE CONTRACT DATA AS OF SEP 30, 2002

Domestic (CONUS)

- 232 CONTRACTS
- 1952 ACTIVITIES
- \$923 MILLION
- 27.9 MILLION BARRELS

Overseas (OCONUS)

- 51 CONTRACTS, 28 COUNTRIES
- 550 LINE ITEMS
- \$395 MILLION
- 2.2 MILLION BARRELS

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

AIRCRAFT INTO-PLANE CONTRACT

AWARDS FY 03



DEFENSE ENERGY SUPPORT CENTER

DOMESTIC (CONUS)

- 334 LOCATIONS SUPPORTED
- \$374 MILLION AWARDED
- 5.8 MILLION BARRELS



OVERSEAS (OCONUS)

- 184 LOCATIONS (104 Countries) SUPPORTED
- \$236.2 MILLION AWARDED
- 5.1 MILLION BARRELS

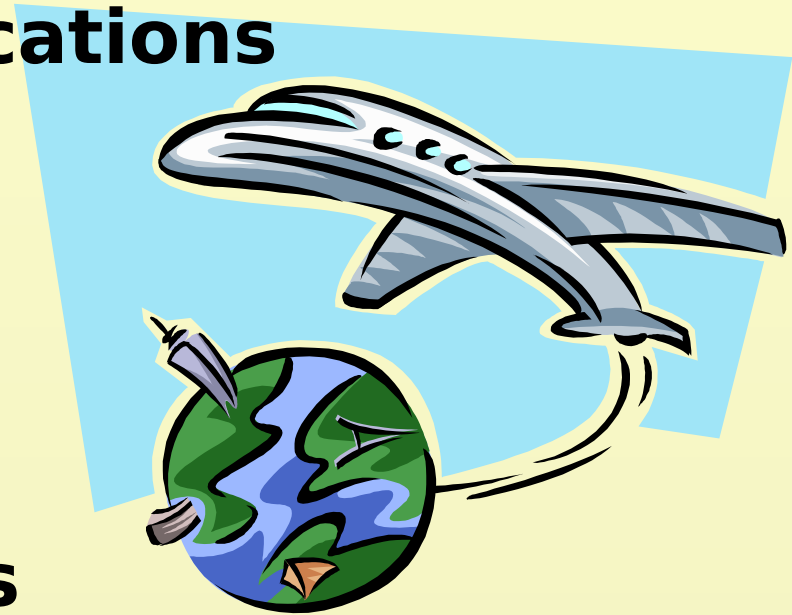
REPRESENTS ACTIVE CONTRACT DATA AS OF 30 SEP 2003

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT



Into-Plane: A Major Player for Contingency Operations

- ◆ **Desert Storm: 13 locations**
- ◆ **Somalia: 7 locations**
- ◆ **Rwanda: 7 locations**
- ◆ **Haiti: 2 locations**
- ◆ **Bosnia: 8 locations**
- ◆ **Kosovo: 17 locations**
- ◆ **Operation Enduring Freedom: 5 and growing**





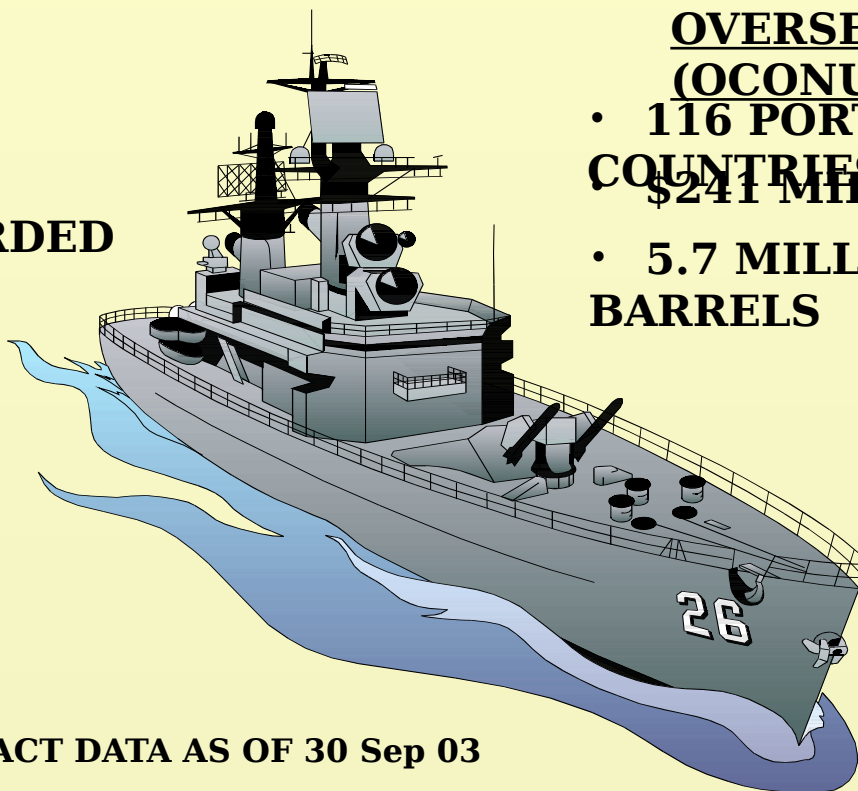
Ships' Bunkers

CONTRACTS AWARDED FOR SHIPS' BUNKERS PROGRAM FY 03



DOMESTIC (CONUS)

- 86 PORTS UNDER CONTRACT
- \$60 MILLION AWARDED
- 1.8 MILLION BARRELS



OVERSEAS (OCONUS)

- 116 PORTS in 74 COUNTRIES
- \$241 MILLION AWARDED
- 5.7 MILLION BARRELS

REPRESENTS ACTIVE CONTRACT DATA AS OF 30 Sep 03

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS

UNIT



DESC Installation Energy CBU



Gas

Gas Marketer
Commercial
Spec

Transportation

Coal

Vendor
Facility Spec
Transportation

Electricity

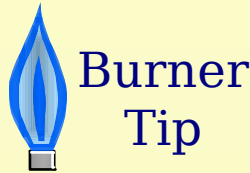
Power
Marketer
Commercial
Spec

FOB LDC City Gate

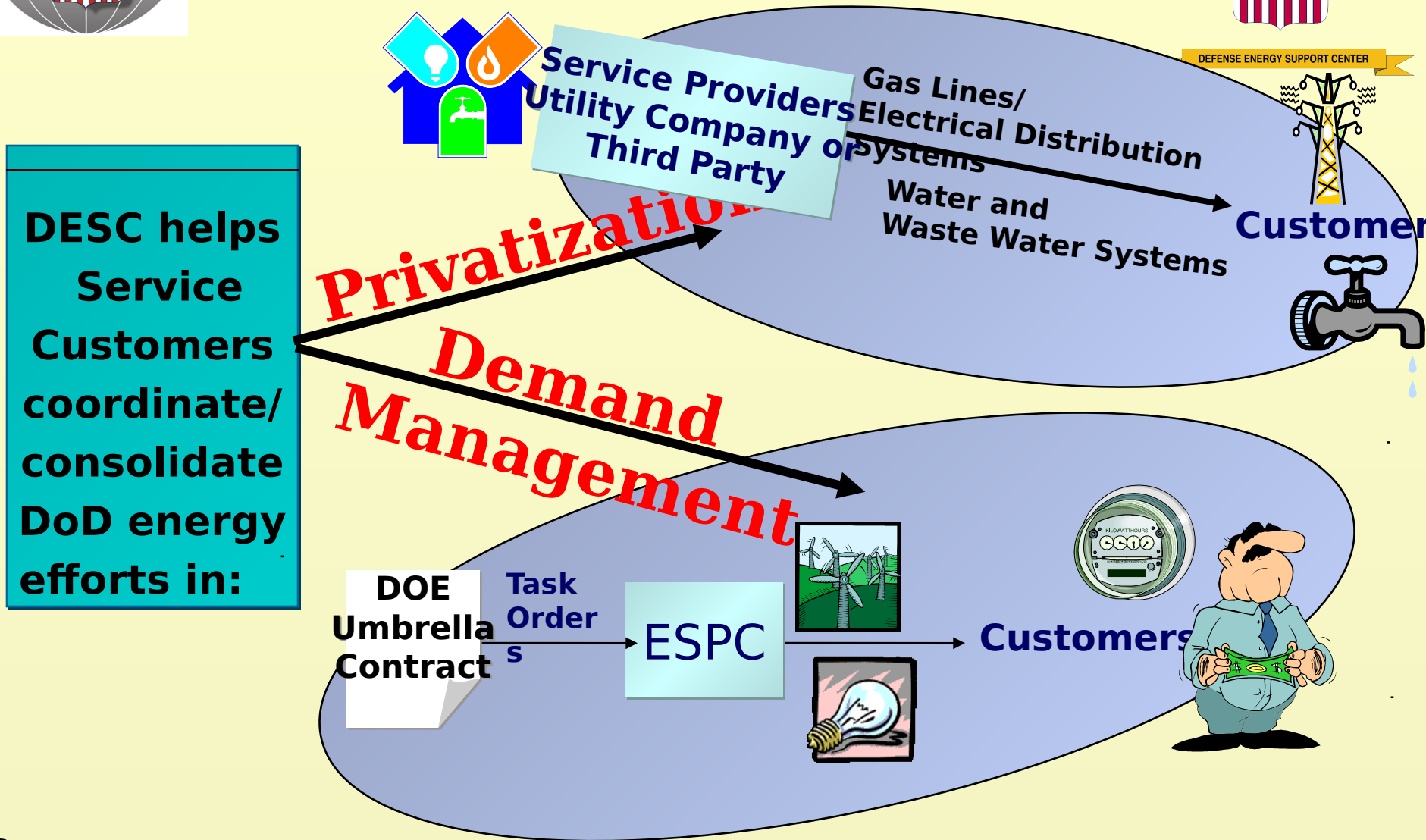
FOB Destination

FOB UDC Interconnect

DESC-A



DESC Energy Enterprise Office CBU



DESC-E established as separate CBU, 8 A



DESC Missile Fuels CBU

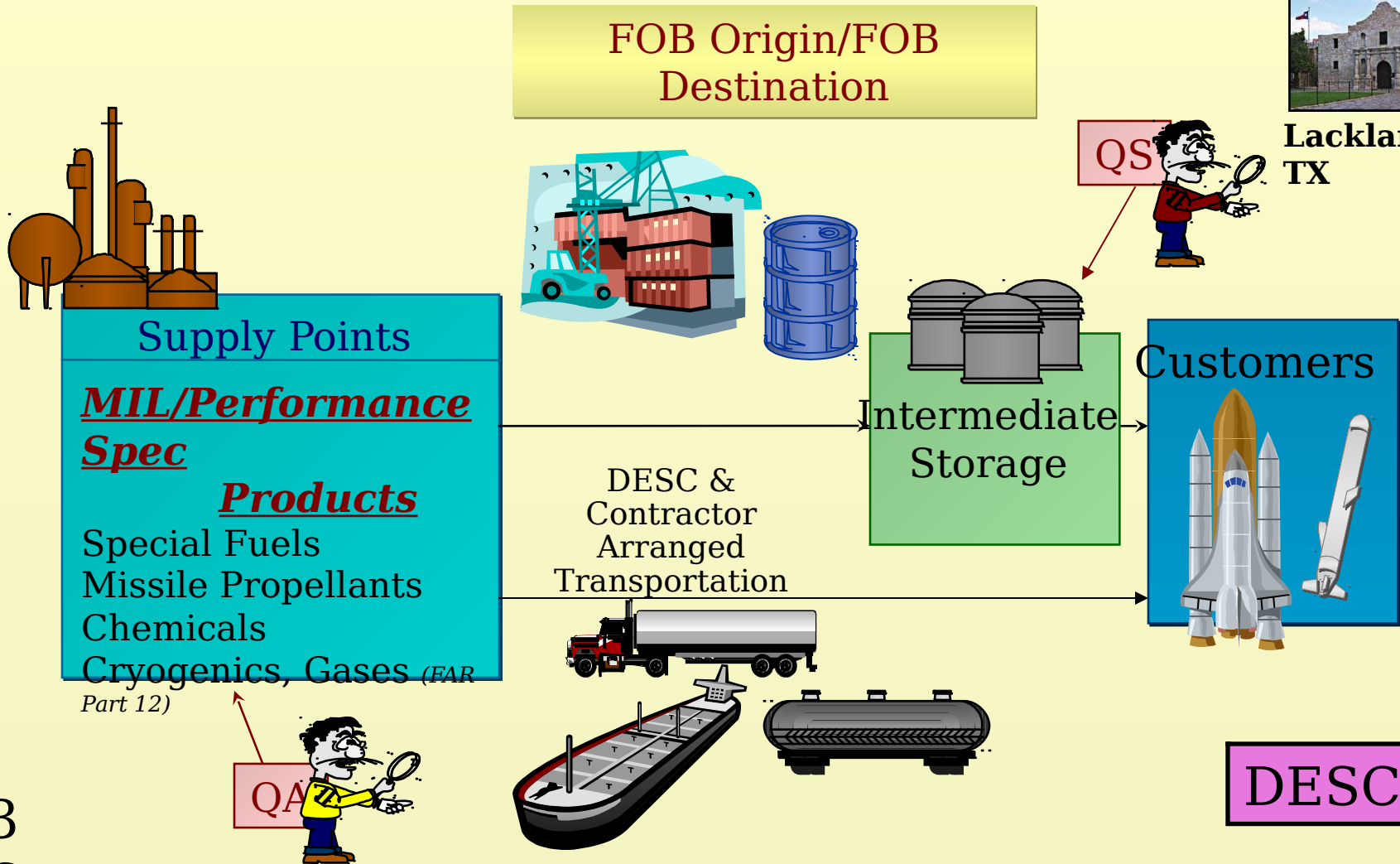


DEFENSE ENERGY SUPPORT CENTER

Located at



Lackland AFB,
TX



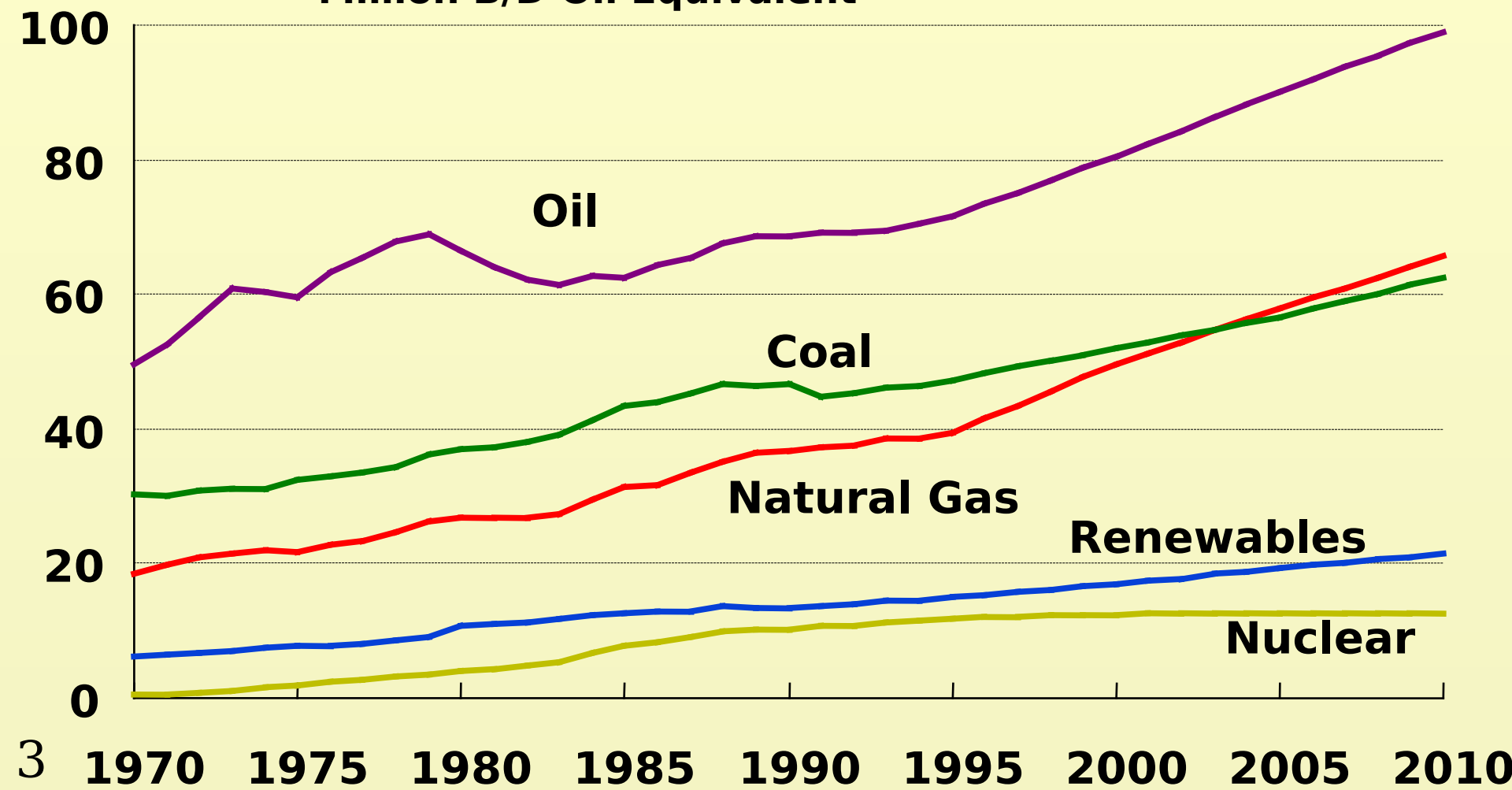


World Energy Consumption



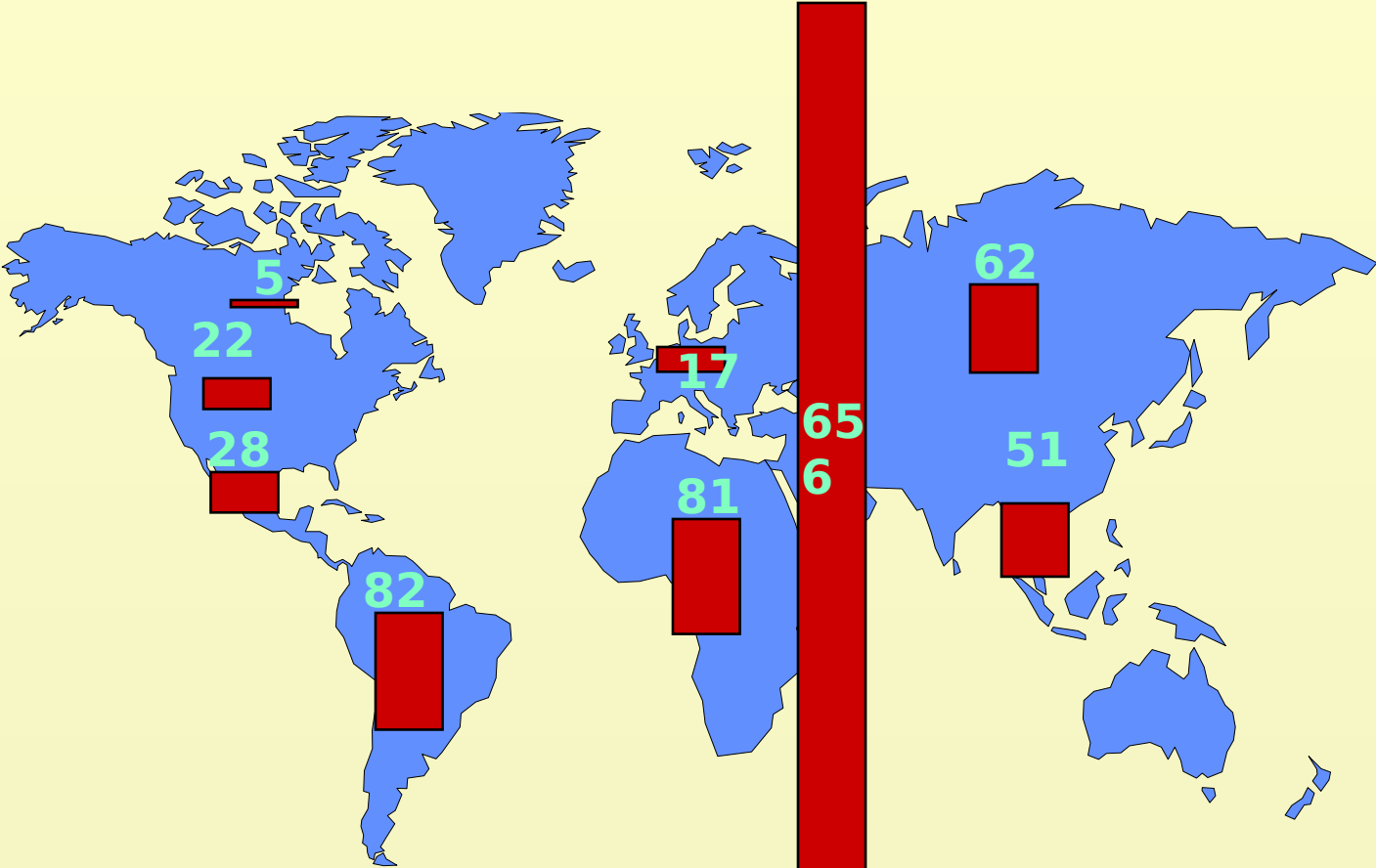
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Million B/D Oil Equivalent





Proved World Oil Reserves About 1,000 Billion Barrels



Non-OPEC

227

OPEC

778

Total

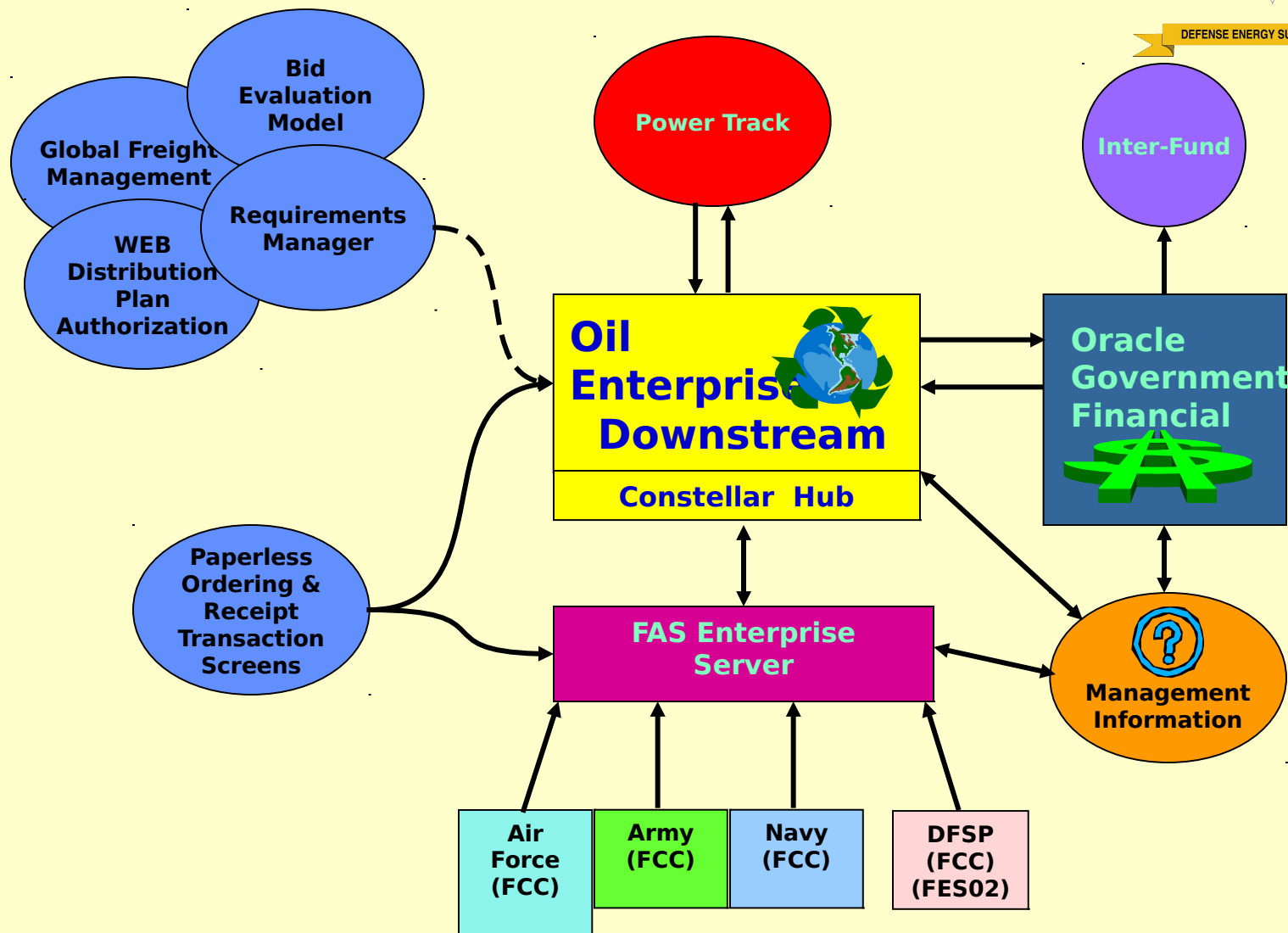
1,005 Billion Bb



Fuels Automated System



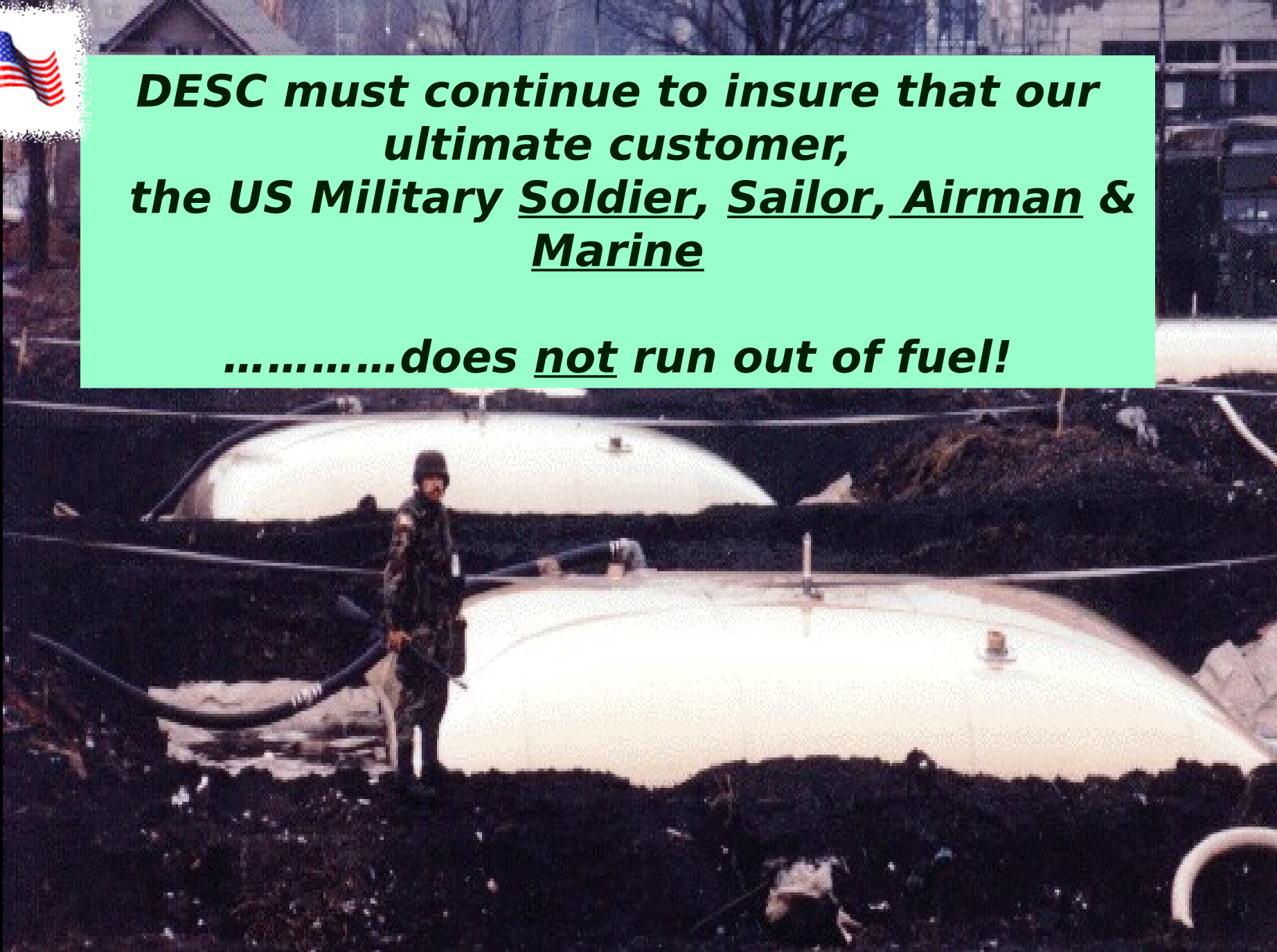
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***DESC must continue to insure that our
ultimate customer,
the US Military Soldier, Sailor, Airman &
Marine***

.....does not run out of fuel!





**Thanks for
attending the
DESC Overview
course
Butt this is**

THE END !!!!

Questions????



Rose Palmisano / The Albuquerque Journal

